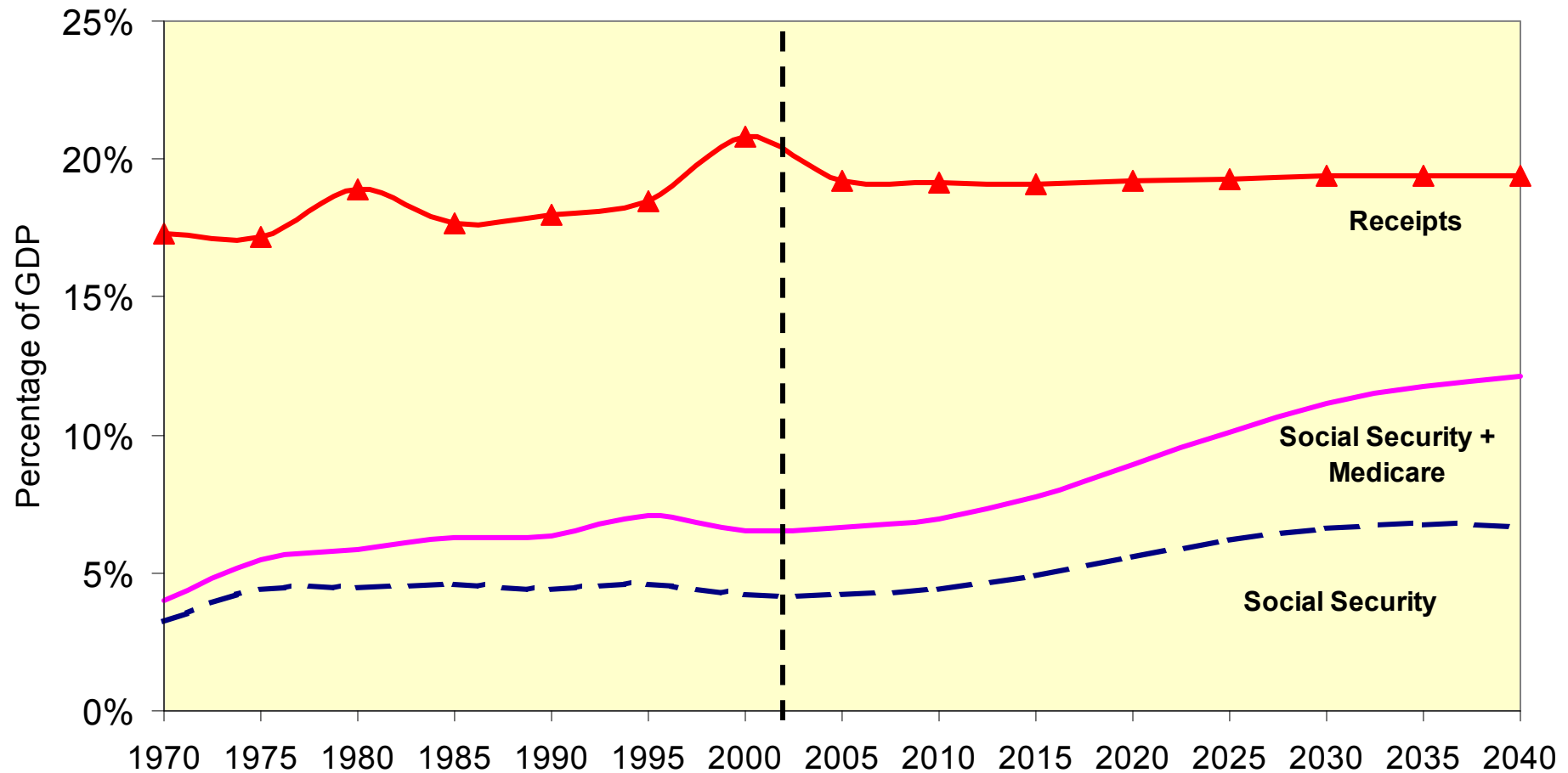


FIGURE 1. Federal Receipts Versus Social Security and Medicare Spending as Percentages of GDP, 1970-2040



Source: C. Eugene Steuerle and Adam Carasso, The Urban Institute, 2002. Based on data from the 2002 Trustees Reports and the "FY 2003 Budget Briefing Book," OMB, February 6, 2002. Various Tables.

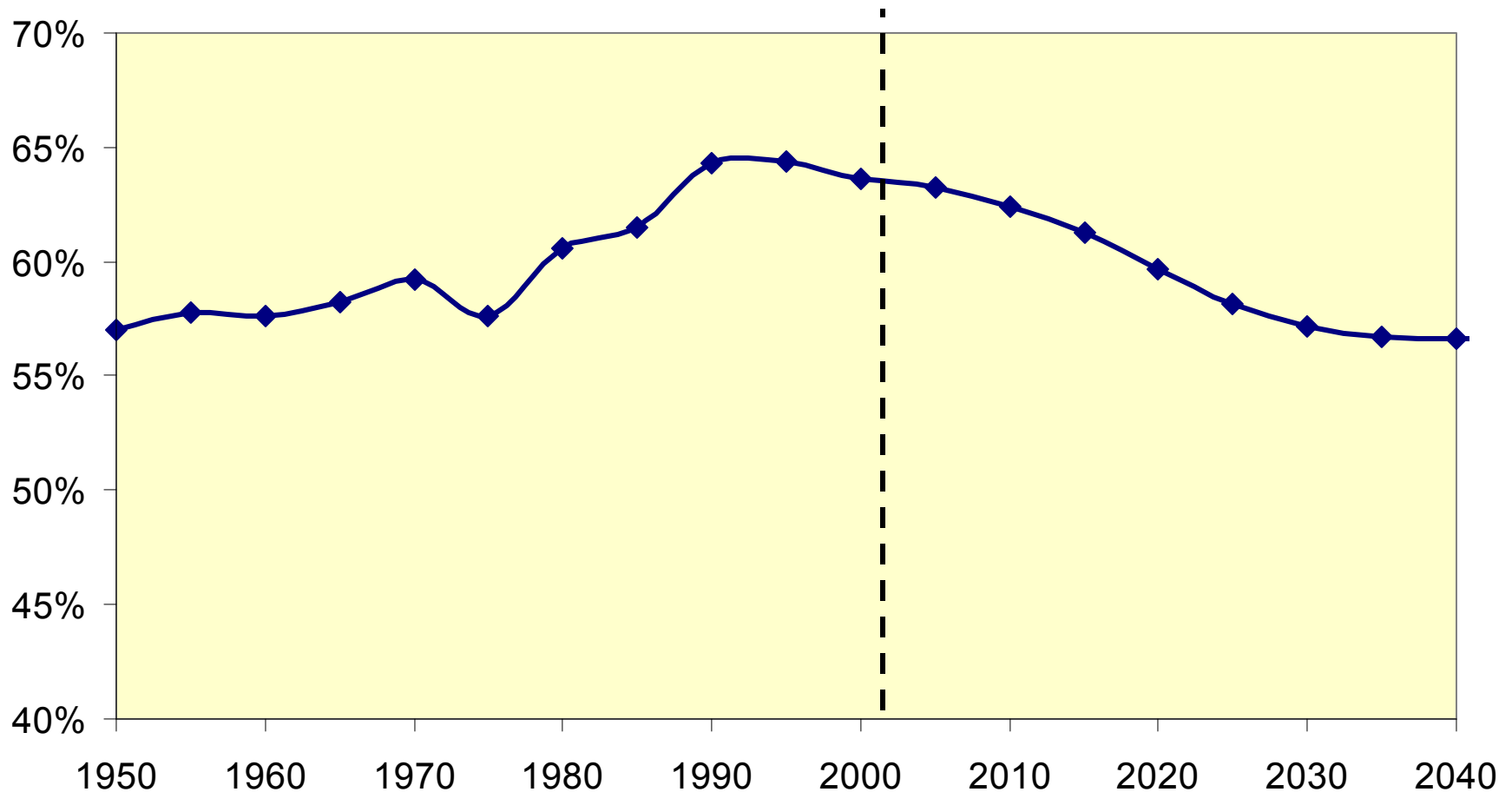
FIGURE 2. Example of Shift In Resources Upon Retirement

For a worker who earns \$50,000...

Increases in Resources Transferred from Others	
Social Security Benefits	\$18,500
Medicare Benefits	\$5,000
	\$23,500
Decrease in Resources Transferred to Others	
Social Security Taxes	-\$7,700
Federal Income Taxes	-\$6,600
Other Taxes (Including State and Local)	-\$4,000
	-\$18,300
Net Change in Transfers Received (Total 1 - Total 2)	\$41,800
Addendum: Additional decline in retiree's after-tax earnings otherwise available to meet current and future needs	\$31,700

Source: C. Eugene Steuerle and Adam Carasso, The Urban Institute, 2002.

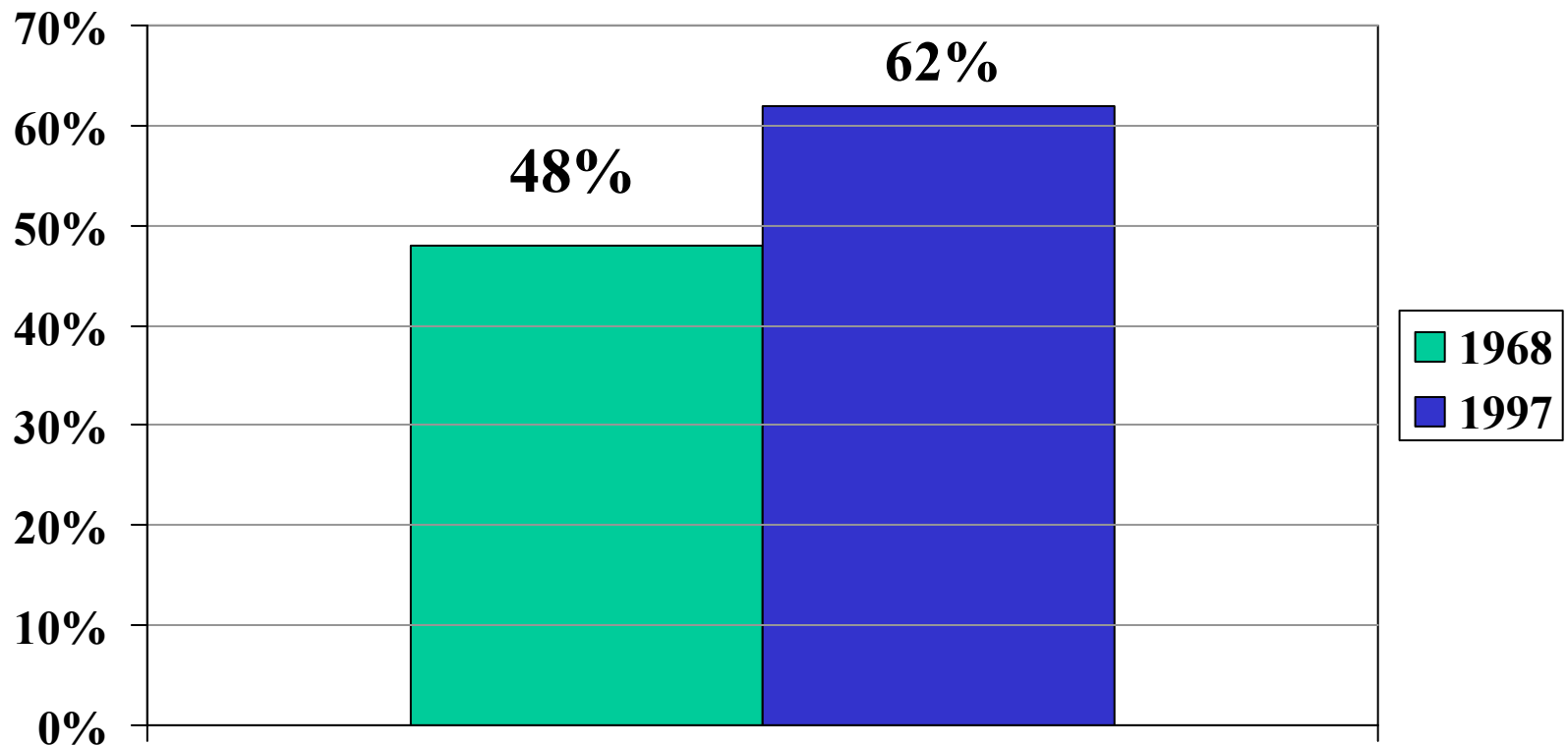
FIGURE 3. Adult Employment Rate (Absent Changes in Retirement Patterns), 1950-2040



Note: Projections show what happens if there is a change in age-specific employment rates as the population ages.

Source: C. Eugene Steuerle and Adam Carasso, The Urban Institute, 2002. Based on data from the U.S. Bureau of Census and Labor Statistics.

FIGURE 4. Proportion of Social Security Benefits for Males Going to Those with More Than 10 Years of Life Expectancy



Source: C. Eugene Steuerle, The Urban Institute, 2000.

FIGURE 5. Social Security and Medicare Benefits for Average-Wage, Two-Earner Couple

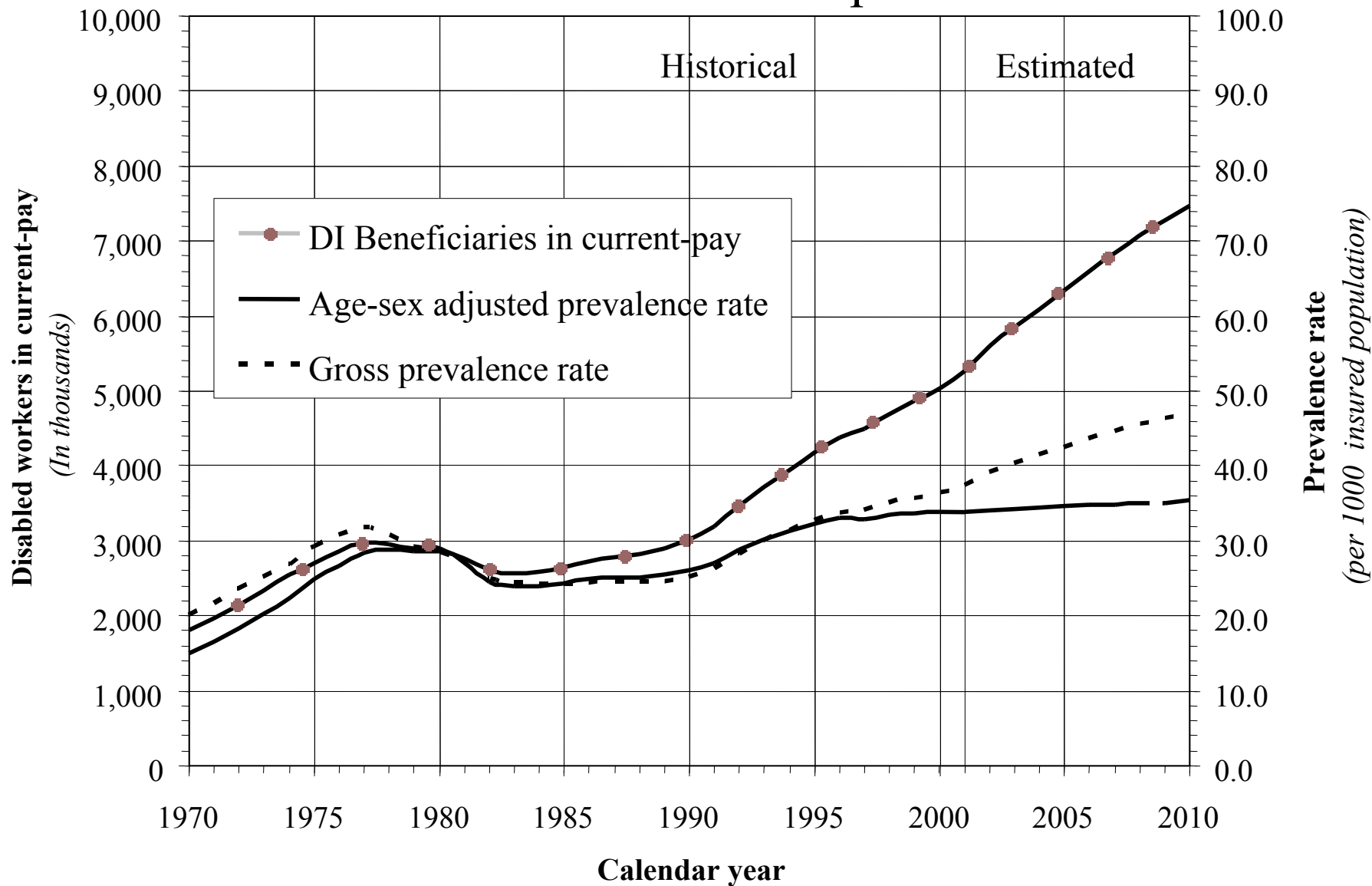
—Real 2002 Dollars—

Year Cohort Turns 65	Soc. Security Annual Benefits	Soc. Security Lifetime Benefits	Medicare Lifetime Benefits	Total Lifetime Benefits
1970	\$15,000	\$210,000	\$80,000	\$290,000
2000	\$20,000	\$300,000	\$350,000	\$650,000
2030	\$30,000	\$460,000	\$600,000	\$1,060,000

Notes: Data are discounted to present value at the normal retirement age (NRA) using a 2 percent real interest rate. Table assumes survival to NRA. Projections based on intermediate assumptions of the 2001 OASDI and HI Trustees Reports.

Source: C. Eugene Steuerle and Adam Carasso, The Urban Institute, 2002.

FIGURE 6. The Growing Prevalence of Disability Insurance Receipt



Source: Social Security Administration, Office of the Chief Actuary.

FIGURE 7. Primary Sources of General Revenue Transfers Obligated to Social Security and Medicare in 2011

— In Billions of Nominal Dollars —

	OASDI	HI	SMI	Total
Income Taxation of Benefits	27.6	18.9	—	46.5
Government Contributions to SMI	—	—	145.2	145.2
Interest Payments*	204.6	42.0	3.3	249.9
TOTAL	232.2	60.9	148.5	441.6

* Other payments not shown in table also include transfers like the cost of noncontributory wage credits, the cost of benefits for some uninsured persons turning age 72 before 1968, and one-time transfers between the Treasury and the Trust Funds.
Source: C. Eugene Steuerle and Adam Carasso, The Urban Institute, 2002. Calculations based on tables in the 2002 Trustees Reports.

FIGURE 8. Sensitivity of OASDI Actuarial Balance To Changes in Mortality

Under Current Retirement Age Schedule

+0.66% to -0.80% of Taxable Payroll (+/- \$40 Billion annually at 2002 income levels)

With Retirement Age Adjusted for Increases in Life Expectancy

+/- \$0

Source: Based on Trustees' "high" and "low" cost assumptions
in Table VI.D2 of the 2002 Trustees Report